



## INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Department of Insurance

909 Leawood Drive, P. O. Box 4050, Frankfort, KY 40604-4050

Phone 502-564-1461 – FAX 502-564-1464

### *Fraud Statistics/Convictions Activity*

*February 2010*

#### Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	86	167
Closed Referrals.....	34	59
Open Cases (Investigations-includes prior years)		190
Assigned Cases (Investigations).....	23	37
Closed Cases (Investigations).....	31	44
Closed Cases (Investigations) Exceptionally Cleared – Declined by Prosecutor.....	2	4
Charges (3 felonies).....	4	14
Convictions (19 felonies, 3 misdemeanors).....	22	28
Restitution Ordered..... \$	67,324.19	\$ 88,401.19

#### *Convictions Activity*

**Robert Holbert/All Star Trucking** – Holbert prepared and presented a fraudulent certificate of liability insurance form on eight different occasions to six different companies in order to obtain employment. On 4/21/08, Holbert was indicted by the Jefferson County Grand Jury on eight felony counts of fraudulent insurance acts and eight felony counts of criminal possession of a forged instrument. On 2/23/09, he pleaded guilty to all 16 felony counts and was sentenced to serve one year on each count to run concurrently for a total term of one year with the Department of Corrections.

**Timothy Bennett** – On 3/9/06 and 4/11/06, Bennett signed medical instruction sheets given to him, which instructed him not to work until another follow-up by the medical provider. Also,

on 6/8/06, Bennett, in a dispute over workers' compensation payments, signed a sworn statement that he was not working. Video surveillance showed Bennett doing fencing work on 4/7/06. Additional video surveillance showed Bennett doing various activities including fencing work on several occasions between 7/22/06 and 7/26/06. Bank records subpoenaed showed that Bennett received 20 checks between 3/24/06 and 7/27/06 totaling \$14,174.94. On 11/14/08, a criminal summons was issued in Scott County Circuit Court charging Bennett with one felony count of fraudulent insurance acts and he was arrested on 11/20/08. On 1/4/2010, he was found guilty of the charge and was sentenced to one year, which was diverted for three years. He was ordered to pay restitution in the amount of \$4,275.50 to Cigna Insurance Company and \$9,984.00 to Toyota's self insured workers' compensation fund.

**Jerry R. Johnson and Cindy K. Kosch** – Johnson owned and operated J & J Logging. After having his workers' compensation coverage canceled by Kentucky Employers' Mutual Insurance (KEMI) due to non-payment of premiums, Johnson and Kosch made a false application in the name of Cindy Kosch d/b/a Gopher Contracting. They failed to disclose that Jerry Johnson managed and had ownership interest in Gopher Contracting and that a premium balance was past due to KEMI for the workers' compensation coverage of the related entity (J & J Logging). Additionally, in 2008 they underreported the payroll of Gopher Contracting in order to avoid premiums to KEMI. On 7/1/09, Johnson and Kosch were indicted in the United States District Court, Eastern District of Kentucky, Central Division of Lexington on one felony count each of mail fraud. On 12/1/09, Johnson and Kosch each pleaded guilty to the amended charge of aiding and abetting mail fraud. Both were sentenced to 90 days in federal prison, followed by two years supervised probation upon release from prison, three months of which will be home detention. They were also ordered to pay \$53,064.69 in restitution to KEMI.